

SUMMARY

The Memphis and Shelby County Sports Authority, Inc. (the "Authority"), the County and the City of Memphis (the "City") propose to enter into a **THIRD SUPPLEMENT DATED AS OF SEPTEMBER 29, 2009 TO AMENDED AND RESTATED INTERLOCAL AGREEMENT RELATING TO THE FINANCING OF THE PROPOSED SPORTS AND BASKETBALL ARENA TO BE FINANCED BY THE MEMPHIS AND SHELBY COUNTY SPORTS AUTHORITY, INC.** (the "Third Supplement") to authorize further use and application of sales tax increments received from the State sales and use taxes from sales generated within the TDZ ("TDZ Funds") to allow the City to fund the City's contribution to redevelop the Pyramid Arena, subject and subordinate to the payment obligations from TDZ Funds under the Interlocal Agreement, as supplemented, that support directly or indirectly the Authority's Senior Lien Obligations.

Based on financial analysis utilizing historic and forecasted revenues generated within the Tourism Development Zone ("TDZ") provided by the financial advisor to the Authority, the County, City and the Authority acknowledge in the Third Supplement that the use of excess TDZ funds to fund an additional use within the TDZ as provided in the proposed Third Supplement, will not adversely affect the obligations of the County, City and the Authority under the Interlocal Agreement. One of the fundamental obligations of the City and the County under the Interlocal Agreement is to replenish draws on the debt service reserve fund relating to the Authority's Senior Lien Obligations.

Further, under the Third Supplement, the County shall retain all TDZ funds transferred to it in accordance with the Interlocal Agreement, and apply any current surplus to either (i) reimburse the Authority for any deficits in TDZ funds encountered by the County under the Original Agreement; or (ii) provide for an additional reserve for payment of debt service on the Senior Lien Bonds of the Authority.

The delivery of the Third Supplement is conditioned upon the execution and delivery by the City and the County of the Pyramid Rights Transfer Agreement by and between Shelby County, Tennessee and the City of Memphis, Tennessee. This authorizing Resolution does not require the appropriation for any expenditure of any County funds at this time.